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Indonesia's Maritime Development - Ideas, Challenges, and Prospects for Policy Improvement

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Indonesia's Maritime Development Ideas, Challenges, and Prospects for Policy Improvement

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Keywords: Challenges, Indonesia, Maritime Development, Policy Improvement, Prospects, Tol Laut.

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1 INTRODUCTION

This article considers the importance of the plan to build an integrated marine logistic system, called the *tol laut*, to Indonesia's economic development. Within the context of the grand design to promote the potencies of the country's sea power, the *tol laut* is deemed a fresh initiative amidst the unfinished economic plights sustained under Yudhoyono's administration. In the past, the maritime sector was only become a secondary discourse in the New Order government's long-term planning concentrated on the continental component of infrastructure projects. The turn to maritime was proposed by President Abdurrahman Wahid, who was aware of the disadvantages caused by the policy that had neglected marine resources. However, there was no serious attempt made to follow up on the proposal. In his presidential campaign, President Joko "Jokowi" Widodo revitalized the idea and

spoke of the necessity for taking the *tol laut* development on as a breakthrough in Indonesia's geo-economic vision.

Jokowi has repeatedly underscored the value of the *tol laut* as part of domestic and foreign economic policy. Instead of constructing highways over or underneath the seas, the *tol laut* is intended to provide water connectivity amongst major islands, including Sumatera, Java, Kalimantan, Sulawesi, Maluku, and Papua. It is aimed to hasten the circulation of the country's valuable commodities throughout the archipelago. A robust transportation circuit will be created to enable the fluent mobilization of goods and services from the five most important port cities: Medan, Jakarta, Surabaya, Makassar, and Sorong. Ten big harbors will be built to complement the existing harbors in these cities, equipped with double-track railways to link the satellite regions. Transportation through the *tol laut* route will be served by big container ships

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Indonesia's Maritime Development

Ideas, Challenges, and Prospects for Policy Improvement

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going back and forth regularly from Sumatera to Papua. The construction of the whole system will start in Sorong, Papua. Once the connectedness has been achieved, the degree of national competitiveness will improve, along with the equalization of prices (Visi, Misi 2014).

However, since the discourse of *tol laut* was launched, few academic works have been published on the plan. Comments and analyses made by experts and practitioners on the *tol laut* are partial. They tend to highlight particular aspects of the project. Therefore, it is worthwhile undertaking a more comprehensive inquiry into the feasibility of the *tol laut*. The argument is that, notwithstanding the fact that the *tol laut* is relevant for fostering regional economic development, it has to face challenges, including structural and cultural conditions. Hence, the policy must be framed in a way that is commensurate with the government's modalities. This argument is explored in the discussion, which is divided into three sections. Section 1 looks at the significance of Jokowi's *tol laut* project for Indonesia's economic advancement. The discussion is enriched by discerning the position of the *tol laut* against the wider backdrop of the social, political, and strategic environments to understand the relationship between this planned maritime sector development and the state's other crucial national interests. Section 2 investigates the challenges that may constrain the implementation of the *tol laut*. It sheds light on the fact that despite the idea of the *tol laut* receiving broad public endorsement, there are noticeable circumstances prompting the new government to considerably calculate its capacity; otherwise, the negative unanticipated impacts of current situations could adversely disrupt the project. Based on this investigation of the *tol laut*'s limits, section 3 seeks to offer feasible options to deal with the difficulties and to improve the prospect of realizing the proposals of the *tol laut*. The conclusion of this article situates important ideas regarding the *tol laut* in the context of their implications for Indonesia's future development outlook and economic policy.

2 RESULTS

2.1 The Significance of the *Tol Laut*

The strength of the *tol laut* lies in its comprehensiveness and practicality to overcome the longstanding problems of regional economic development in Indonesia. When the infrastructure

of the *tol laut* is realized, it will not only resolve the glaring issue of income discrepancy between the western and eastern regions, between the center and periphery, but will also address strategic challenges beyond economic issues. Arguably, through the *tol laut*, the Jokowi government wants to conceive a multidimensional course of maritime policy.

First and foremost, with the *tol laut*'s mode of water connectivity, the cost of logistics could possibly be reduced. In 2013, logistic costs represented 27 per cent of Indonesia's total GDP – an increase of 4–5 per cent since 2001 (Tobing 2014). This is related to the high cost of internal trade, which in many cases makes domestic transactions more expensive than international commerce. For example, the cost of transporting commodities from industrial centers in Java to Papua and Sulawesi is larger than the cost of shipping the same products for export to Japan and Europe (Fizzanty 2012). Hence, intraregional economic interactions are less profitable than doing business abroad. The causes of the situation are complex. One important factor is the poor connecting system between the main ports, and between the main ports and the surrounding smaller ports. This, however, does not necessarily mean that allowing for heavier traffic flow would automatically make more profit. The logic is that by improving and strengthening local sea transport, the better transportation of goods and services could be accomplished through, for example, the routine departure and arrival of ships operating in the *tol laut*'s passageways.

Economic scale is another factor that influences the prevalent regional inequality in Indonesia. Some argue that it has nothing to do with the inflow of products from one region to another. Yet, in fact, Indonesia's local economies indicate that the mode of transportation matters. There is a positive relationship between product specialization and transportation. Operationally, the degree of specialization of a commodity determines the quantity of the demand, which in turn affects local prices. In areas where product specialization is lower, the prices of commodities tend to be higher. This is why in the cities, where a wider range of products is available, prices are cheaper than those in the villages, where the degree of specialization is lower (Ariyanti 2014). This also applies to regions with different levels of product specialization, related to the process of local achievement in certain elements of industrialization. The center of industries in Java, for instance, has greater specialization of products than other regions do, including areas on the main islands, particularly

Sulawesi and Papua. Such circumstances have been in place for decades, on account of the uneven distribution of production cities. The redistribution of industry to the eastern regions is imperative. However, this will not boost regional revenue unless local transportation systems are repaired. Thus, the specialization of products, which impacts prices, is also dependent on how the movement of people and goods from one place to another is managed. Moreover, the component of sea transport makes up only 30 per cent of total production costs in Indonesia, while land transport makes up 70 per cent due to the more-complicated regulations and inefficient bureaucratic practices (“*Tekan Biaya*” 2014). The discourse on *tol laut*’s benefits for the advancement of the maritime sector reflects intellectual endorsement of the plan to accelerate and broaden the reach of the interregional trade of goods and services, which could practically narrow the gap in earnings.

Second, the *tol laut* is relevant to the agenda of strategic development planning. Jokowi has assigned a new ministry to coordinate the management of the maritime sector, including a prototype of the *tol laut* project. This is certainly a signal of how important maritime affairs are for the state. Government agencies are keen to hold a national campaign supporting the move towards a maritime society. They embrace integrated programs to promote maritime education, a maritime culture, and a maritime economy. The *tol laut* is the pathway to achieve this goal. Furthermore, there is growing awareness that the future of the country’s pivotal development sectors, such as food production, energy diversification, and environmental protection, will depend on the country’s capabilities, comprising manpower and technology, in exploiting marine resources.

Nevertheless, the Jokowi government has to resolve the negative aspects of the continental-centric policy on development. The capacity of cities on the most populous islands, like Java and Sumatera, as well as the smaller archipelagic islands of Nusa Tenggara, to serve as vital production cities and transit points for international and domestic trade has noticeably decreased by virtue of over-industrialization and urbanization. Meanwhile, the potencies of other parts of the country are still unexploited. This is exacerbated by the fact that the uneven spreading of physical infrastructure has had unfavorable implications for the quality of the processes of natural resource extraction (Hendersen and Kuncoro 1996, pp. 521-529). Alternatively, Indonesia needs to employ a progressive mode of

governance that would enable the establishment of a regime for the reorganization of development resources to obtain benefits from the unexplored wealth of the rest of the archipelago. The *tol laut* is expected to become the new basis of connectivity, in which the sea transportation system will play a leading role in accelerating the growth of products and markets in the unexplored regions.

The idea of the *tol laut* suggests that the imbalance of national capacity and the scarcity of resources happened because of the lack of regional connectivity. By emphasizing the importance and prominence of the *tol laut* in the long-term planning for maritime development, the Jokowi administration wants to follow this line of economic policy, prioritizing the equalization and harmonization of regional economic performance. The coastal areas will be given more attention. This will be matched with the objective to pursue a stable domestic environment, which could be fertile soil for attracting foreign investment. Likewise, the politics of the New Order’s *pembangunan nasional* (national development) stability and growth are correlated with this policy.

Third, although the current national leaders have committed themselves to reinvigorating maritime infrastructure through the *tol laut* project, it is a structural imperative for an archipelagic nation like Indonesia to establish a robust and cohesive transportation system serving people throughout the country. This is particularly important to maintain national security and territorial integrity. The planned *tol laut* implies a cohesive nation-building vision whose goal is to strengthen the people’s feeling of belonging to the same nation. In the archipelago, which consists of about 17,000 islands inhabited by nearly 400 ethnic groups, the contour of geography in a way is a barrier to constructive communications and interactions amongst different elements of the nation. Research on social conflict and violent mass action demonstrates that individuals’ failure to understand the meaning of primordial differences is mainly shaped by, and further perpetuated by, topographical fragmentation and isolation, which are the permissive causes of intergroup incompatibilities. Structural factors, such as discrimination and poverty, are evident accelerators of social clashes (Bertrand 2004).

Drawing upon this argument, demographic proximity must be heightened to minimize the potency of conflict. The system of *tol laut* transportation could be significant in reinforcing conflict prevention mechanisms. The logic is that by creating easier access to other regions, it would

render greater space and opportunities for local communities to engage with each other. Indeed, the *tol laut* will be a functional tool for connecting most parts of the country, including its conflict hot spots, which can only be reached through sea transport. This approach in turn will work to narrow the scope for any disintegrative tendencies.

Fourth, as a national development priority, the establishment of the *tol laut* will contribute to enhancing the saliency of the concept of *ketahanan nasional* (national resilience), centered on the doctrine of *wawasan nusantara* (the archipelagic insight). National resilience is Indonesia's most popular concept about strategic and security affairs. It stems from a nationalist perception of the nature of the state's geopolitics. Essentially, national resilience is an inward-looking concept stressing independence and sovereignty. According to the concept, national security does not rely on outside powers' protection in the form of military alliance or other schemes of defense cooperation. Instead, national security is the result of domestic factors, such as progress in social and economic development, a state of political stability, and a strong sense of nationalism (Irvine 1982, p. 40). This means that the Indonesian national security outlook is not militaristic. Yet, it is based on the comprehensive security governance featured in national resilience. Given this, the aforementioned benefits of the *tol laut* could meet the ideals of national resilience: balanced regional economic development, a stable political system, and an enhanced spirit of nationalism.

2.2 Challenges to the *Tol Laut*

The implementation of the *tol laut* will involve huge mobilization of financial, social, technological, and political resources. In theory, the project is promising. It offers significant changes to advance Indonesia's economy on a large scale. Nonetheless, the *tol laut* faces complex challenges, including structural and cultural problems. These are derived from two important circumstances. The first circumstance is regarding the preparedness of the Jokowi government to handle whatever shortcomings could possibly disrupt the construction of the *tol laut*. The second circumstance is related to external and natural conditions that could hinder the project going to plan. How these circumstances could affect the *tol laut* is discussed in this section.

The first challenge to the *tol laut* comes from the domestic political setting, directed by two tendencies. The first tendency is the ineffective

ongoing practice of governance called *desentralisasi dan otonomi daerah* (decentralization and regional autonomy). The second tendency is the extension of political rivalries surrounding the Jokowi government. They could become a formidable hindrance to the policy on the *tol laut* whenever there are convergent material ambitions between the local and national elites controlling the administration processes.

Under *desentralisasi dan otonomi daerah*, all strata of government, including the central government in Jakarta, provincial governments, and regencies, are mandated by Law No. 32/2004 on regional autonomy to work in a coordinative manner to achieve a set of national development priorities. Their main tasks and functions have been organized in accordance with the guideline for administrative affairs and development under the auspice of *Dewan Pertimbangan Otonomi Daerah* (Council on Regional Autonomy). The central government is responsible for controlling the state's administration process, which include the development of norms, standards, and procedures. However, the problem is that even though the local governments are a subsystem of the central government, the instruments of coordination, consultation, and supervision between each level of government do not work well, despite this being very crucial to ensure the effectiveness of regional development. In fact, it is noticeable that many regional governments work individually and ignore the principle governing the hierarchical relationship between the central and local governments. As a result, powerful local leaders act as rulers who in many cases challenge the authority and policy of the central government in Jakarta (Zuhro 2014). Although they do not demonstrate an intention of subversion and secession, the regional regimes have translated the concept of *desentralisasi dan otonomi daerah* into their own preferences. Consequently, vertical conflict of policy and interest is unavoidable.

The *tol laut* is actually a project of development resembling a model of concentration and centralization. The planned connecting system of water transportation will be run by the central government's agencies through the existing and future developed infrastructure. The weak tools of coordination, consultation, and supervision in regional administration could potentially undermine the viability of the project. The local governments are authorized by Law No. 32/2004 to regulate and control the circulation of goods and services passing through their regions. In other cases of development engaging both the central and local structures of

administration, problems occur on account of the lack of both sides' effort to synchronize the application of policy in a particular sector. The local governments like to impose additional taxes, longer bureaucracy for permits, and complicated regulations on the shares of revenue on any project carried out by external parties. This structural impediment has often had disadvantageous impacts on the central government's policies ostensibly aimed to support regional development. The *tol laut* will possibly experience similar trouble.

Beside regional politics of administration, the implementation of the *tol laut* will face the challenge of the real political situation in Jakarta, where sharp polarization amongst political parties affects governance. Today's political system is characterized by the contestation of two coalitions of parties. On the one side, there is a coalition called *Koalisi Indonesia Hebat* (Coalition of Great Indonesia / KIH), composed of *Partai Demokrasi Indonesia Perjuangan* (PDIP), *Partai Nasional Demokrat* (NasDem), *Partai Kebangkitan Bangsa* (PKB), and *Partai Hati Nurani Rakyat* (Hanura). They shape the government and have about 42 per cent of the seats in parliament. On the other side, the opposition, named *Koalisi Merah Putih* (Coalition of Red and White / KMP), consists of six parties: *Partai Golongan Karya* (Golkar), *Partai Gerakan Indonesia Raya* (Gerindra), *Partai Demokrat* (PD), *Partai Amanat Nasional* (PAN), *Partai Keadilan Sejahtera* (PKS), and *Partai Persatuan Pembangunan* (PPP). They dominate parliament with about 58 per cent of the seats. These coalition poles were formed during the 2014 presidential and vice presidential general elections, when Joko Widodo and Jusuf Kalla – who were endorsed by KIH – contested Prabowo Subianto and Hatta Rajasa – who were the candidates of KMP. Jokowi's victory in the elections, however, was not immediately followed by a change in the political constellation. Indeed, the bipolarity continues to exist and has even expanded into debates and controversies regarding strategic issues such as local elections. The powerful opposition is likely to cause uneasiness for Jokowi's policies in terms of legislative approval.

The opposition has pledged to be critical of Jokowi's development policy. The *tol laut* is no exception. From the outset, KMP has argued against the relevance of the *tol laut*. It claims that the plan will waste resources that could be useful in supporting other important sectors of development, mainly education and health, whereas there is still no convincing empirical evidence from the government

on the feasibility of the *tol laut*. Instead, the opposition recommends that Jokowi focuses on improving the currently ineffective infrastructure and retain the positive achievements of the previous government under the program called *Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia* (Masterplan of Acceleration and Expansion of Indonesia's Economic Development / MP3EI) (Sutrisno 2014). To respond to this critique, the Jokowi government must work hard to prove that the *tol laut* is a reliable development strategy. Failure to answer the criticisms will result in unnecessary political inhibition, which could be a hindrance to the *tol laut*.

Another serious implication of the current political setting for the *tol laut* relates to whether elite competition will spill over into local politics and administration. KMP has committed itself to setting up a kind of permanent political coalition based on ideological objectives. It further asserts that it will collaborate to enhance its regional powers. The target is clear: KMP wants to prevail in local executive leadership to restrict the central government's control over regional affairs. In 2015, nearly 55 per cent of the local governments (about 250 regencies) conducted regency elections. In the event that KMP is able to maintain its solidity in political competition, it will be able to rule the majority of the regions. In spite of the fact that regional politics are dynamic, KMP's national political preferences will be expanded into the local policies issued by its cadres. The reelection of KMP's top figures into the party's leadership is evidence that the political orientation will be maintained. In this context, the *tol laut* is likely to face serious challenges in both national and local political arenas.

The second challenge to the *tol laut* is the effect of altering the pattern of the social and economic lives of millions of people living in the areas passed by the *tol laut*'s route. The planned connected sea transportation is really a maritime mode of economic governance. Yet, most Indonesians are not accustomed to working for the maritime sector, although they are aware of the nature of the archipelagic environments in which they live. The lack of a maritime-oriented economy is a result of the state's continental-centric development policies, which have been applied since the 1950s. Thus, business infrastructures are concentrated on the main islands, especially Java. The growth of industrial centers attracts manpower from other regions to move to the cities in Java for labor. Subsequently, urbanization happens as a significant but uneven

phenomenon. This can be easily seen in, for instance, the wave of urbanization in Jakarta and Bandung. Over the last decade, it has increased by 3–3.5 per cent annually. In parallel, there have been a decreasing number of people working in maritime sectors, particularly fishery and sea transportation, in the surrounding areas (Nurwati, Setiawan and Suwartapradja 2005, pp. 34-37). This is just a small illustration of what has been going on throughout the country. Moreover, research on the motivation of people engaged in urbanization shows that the push factor is poverty in the coastal areas. Using the *tol laut* to bring a hope for a better life to them is a socio-economic challenge to the Jokowi government's plans.

The *tol laut* will certainly involve huge physical construction in the coastal areas. However, it does not guarantee that the people living there can attain the benefits of the *tol laut*. Jokowi needs to carry out appropriate socio-economic transformation from a continental perspective towards a maritime perspective; otherwise, the process will nurture unfavorable consequences. Insensible approaches could potentially lead to social resistance, which would likely escalate into vertical conflict between the government and local communities. Equally important is how to design the policy in order not to jeopardize the social and cultural interests of the local people. There have been many cases of failed infrastructure development projects due to the objections of *masyarakat adat* (traditional communities). Their reasons for objecting to the developments are not about material gain; rather, they are associated with the conservation of traditional values, institutions, and rituals (Kusters, Foresta, Ekadinata and Noordwijk 2007, pp. 427-430). They are attached to a particular area because of having experienced historic moments that add to the social and cultural value of living there. The government has to take this phenomenon into account prior to starting the *tol laut*'s construction.

The third challenge to the *tol laut* is related to the availability of supporting technology to enable the realization of the *tol laut*. One crucial element of technology that is indispensable to the project is a marine monitoring system. The Ministry of Maritime and Fishery Affairs does have one, but it is not functional. The marine monitoring system will be used to observe the circulation of ships: it will provide precise information about the coordinates of ships travelling through the *tol laut*'s lanes. Unless the system functions well, it will be difficult to arrange the movement of sea traffic as needed to help the smooth interregional shipment of

commodities (*"Ini Hambatan"* 2014). Similar technology must be available in all harbors of the *tol laut*.

The construction of the *tol laut* will not only deal with the connectivity of the transportation system but will also encompass other aspects of strategic utilities of technology, for instance the utilization of the marine monitoring system for directing the policy on natural resource extraction. Underneath the sea, there are a large number of energy resources, such as gases, oil, and minerals. Thus far, Indonesia has not possessed the technology needed to survey and accurately map the locations of such resources. In addition, there is no reliable information system from the government's maritime agencies about the country's biophysical marine environment. For instance, it is quite difficult to find government documents explaining the impacts of the natural changes caused by global warming on Indonesia's marine ecosystem. In the interest of creating a comprehensive *tol laut* design, such information is very important in order to avert incongruities between the *tol laut*'s implementation and the agenda for ecological protection.

Finally, another challenge to the *tol laut* is posed by the geopolitical implications of the policy that is conceptualized as part of Jokowi's doctrine of Indonesia's global maritime axis (*poros maritim dunia*). This is because the new government's policy focus on the promotion of the maritime sphere resonates with strategic affairs beyond economy and business. The maritime axis is the heart of Jokowi's defense and foreign security policy, in which the *tol laut* is declared as an attempt to cultivate the benefits of the country's strategically and economically advantageous location in the confluence of the great powers' interests in the Indian Ocean and the Pacific Ocean (Indo-Pacific region). By developing its maritime economy, Indonesia wishes to preserve its significant role in international relations in the Indo-Pacific region (Nabbs-Keller 2014, p. 10). Thus, the building of the *tol laut* will be accompanied by the formation of a new coastguard force and basis for the navy's eastern armada (Sukma 2014). From a geostrategic perspective, the *tol laut* can be interpreted as an instrument of security policy (adjusted to the concept of governance) that is intended to pursue the national interest in respect to territorial integrity and security through the development of infrastructure in the state's waters.

Indonesia is inclined towards the restoration of its neglected sea powers, which began to take place under the Suharto government. The New Order regime's concern over the threats of internal splits,

prompted by subversion and separatism, engendered defense and security policy focused on establishing army capabilities. Now, Jokowi wants to revert to a maritime-centric policy, attributable to the concept of an archipelagic nation. However, the implementation of such strategic thinking could be perceived by other maritime powers as evidence of Indonesia's rising global ambitions. Although Indonesia's diplomatic officials have consistently stressed the peaceful directive of the maritime axis, in the international arena, the neighboring powers of the Indo-Pacific (such as China, India, Australia, and the United States) will naturally react.

This presents a challenge for Jokowi's government to reconcile the potentially conflicting politico-economic interests of the neighboring maritime powers. First, the *tol laut* system will restrict the arrival of external commodities to three points. For instance, imports from the Pacific states will only be able to enter Indonesia's markets through the port built in Sorong, Papua. Consequently, the price of imported commodities will be more expensive. This may be viewed by other countries as a protectionist action and is likely to incite reciprocal responses, which could strain bilateral relations. Second, as mentioned above, Indonesia has traditionally been an important player in Indo-Pacific dynamics. Given that the epicenter of the global political economy is shifting towards the Indo-Pacific, the region's maritime security affairs have received growing attention from policymakers. In this context, Indonesia's maritime domain advancement through the *tol laut* should be devised to maintain this status. The Jokowi government is challenged to reformulate the existing international regime governing maritime issues, ranging from conventional issues such as dispute resolution, natural resource exploitation, military establishment, and zones of economic exclusivity to nonconventional issues like transnational crimes of terrorism, piracy, and smuggling.

2.3 Recommendations for Policy Improvement

The development of Indonesia's maritime economy through the *tol laut* is important. However, there are complex challenges facing the developmental agenda. The Jokowi government could improve the policy by considering three important aspects. First, the *tol laut* needs to have perceived legitimacy amongst the public. The government has to improve understanding about the project as being in the interests of the whole of Indonesian society, not a

representation of the interests of a particular group of an elite and economic oligarchy. This is important because Jokowi cannot expect to complete the development of the *tol laut* over his five-year period of presidency. The *tol laut* will be sustained under the administration after Jokowi only if it is supported by the general public.

Second, the development of the *tol laut* needs synergy amongst many sectors of governance. The project does not belong to one ministry or governmental institution. Good coordination is required amongst related ministries, including the Ministry of National Development Planning, the Ministry of Infrastructure Development, the Ministry of Home Affairs, the Ministry of Transportation, the Ministry of Research and Technology, the Ministry of Social Affairs, the Ministry of Environmental Affairs, and the Ministry of Maritime and Fishery Affairs. If the *tol laut* is monopolized by a single ministry, it may give rise to sectoral egocentrism. Moreover, there are other governmental agencies operating in the sea, such as the police, the navy, the Office of Maritime Security and Intelligence, and the immigration authorities. Their functions must be organized in order not to overlap with each other.

Jokowi's discourse usually discusses good and effective coordination. However, this is a hard task to achieve. Research indicates that good and effective coordination amongst governmental agencies is invariably hindered by the latent problems encountered either at the ministerial level or between ministries and regional governments. This is closely related to the competitive nature of bureaucratic relationships in Indonesia. Every structure has its own well-defined targets and objectives, which are difficult to combine into a collective practice of administration; as a result, the governance process is characterized by competing authorities (Nurmandi 2012, p. 5). To succeed in developing the *tol laut*, it is imperative that Jokowi corrects this pattern of administrative coordination.

Third, the *tol laut* needs a strong legal ground upon which policies can be applied effectively (Yuwana 2014). It is important to stress here that the government's regulations governing maritime affairs in Indonesia's water territories are mostly out of date. They were adopted from international treaties and covenants that are no longer relevant in light of recent developments. There have been many cases where problems taking place in Indonesia's waters were resolved through the mechanisms of external laws. Moreover, a lot of local legal products conflict with national maritime law, which brings

disadvantages to the maritime sector. The executive has to work with the legislative and judicative authorities to identify relevant regulations and omit irrelevant ones. Then, they can expand the scope of the useful maritime regulations. The *tol laut* should be strengthened by upholding Indonesia's jurisdiction.

In general, the policy on the *tol laut* embraces both the process of administration and the distribution of resources. This assumption is quite popular in Indonesia's public policy thinking, specifically with regard to the creation of a large-scale project. However, creating successful policy outcomes with viable administrative and distributive components requires creative endeavors, including the ability to comprehend the complexity of any policy issues. The *tol laut* implies the necessity of the improvement of governance practice at all levels (central, regional, and local). This manifests in the willingness of government leaders to follow a way of thinking and enforcement standards beyond the commonly referred to guidance.

The success of a developmental policy like the *tol laut* will depend on the government's ability to meet the quality of good governance. Its achievement will be assessed on the basis of a concrete output: an increase in the people's prosperity. This consciousness must be implanted into the subnational governmental structures. They play a significant role in materializing the projected ideals of national policy by contextualizing and translating them into real regional political and economic actions. Thus, the Jokowi government should view the conduct of *desentralisasi dan otonomi daerah* as an inextricable element of its strategic development planning. The alignment of the *tol laut* and the decentralization policies will contribute to rectifying miscommunications and mismanagement between the central and regional governments.

To deal with the problems of the political and administrative situation, the planning for the *tol laut* could be aligned with other policy schemes, especially MP3EI, which has been formulated and implemented. This would anticipate the shortcomings arising from policy conflicts between ongoing and future executions. The *tol laut* should go hand in hand with MP3EI. This plan for the acceleration and expansion of Indonesia's economic development was issued in 2007, stipulated in Law No. 17/2007. To some extent, there is congruence in the objectives of the *tol laut* and MP3EI. The latter was set out as a 20-year term of development planning to achieve Indonesia's vision of becoming

a developed country by 2025, which was expected to raise the income per capita to USD 14,250 in 2011 and to USD 15,000 in 2014, with a total GDP of USD 4–4.5 trillion in the following years. In order to accomplish this objective, the government expected to be able to boost economic growth from 6.4 per cent in 2011 to 7.5 per cent in 2014. This growth was expected to happen in concurrence with a decrease in inflation rates from 6.5 per cent in 2011 to 3.0 per cent in 2014 (MP3EI 2011, pp. 11-14), suggesting a high performance of effective governance.

By issuing MP3EI, the Indonesian government claimed to have created a systematic formula for long-term economic development. Following the logic of MP3EI, it can be found that the developmental planning is designed as a dynamic and progressive course of policy directives. This is explicitly stated in the document:

“MP3EI is an operational document, and it will be reviewed and revised progressively in accordance with the current situation. MP3EI conceives substantive directions for every specific developmental activity, including infrastructure and services, and recommendations for the improvement of regulations. Additionally, through MP3EI, the government emphasizes the necessity for new and more-efficient regulations to spur initiatives to accelerate and expand the capacities of development projects” (MP3EI 2011, p. 3).

Harmonization of the *tol laut* planning and MP3EI would be constructive because the latter has been formulated comprehensively. For instance, it pays attention to the need to fulfill the agenda of sustainable development. This can be seen in the document:

“MP3EI is a vital component of the national development planning system. Essentially, it is not intended to become a substitution for other developmental plans, such as the long-term plan for the period 2005–2025 stated in Law No. 17/2007 and the medium-term development plan for the period 2004–2009 stated in Presidential Decree No. 7/2009. MP3EI is drawn upon the consideration that all development sectors have to be concerned with the [environmentally oriented plan for] *Rencana Aksi Nasional Gas Rumah Kaca* (National Action Plan for Greenhouse Gases) as a national commitment to recognizing

global climate change impacts” (MP3EI 2011, p. 187).

MP3EI, however, does not yet adequately describe how the expansion of maritime development can be realized. This is despite the fact that the implementation of the strategic plan has been able to enhance the productivity of some important sectors, such as agriculture, mining, plantation, forestry, and oil and gas processing. If the *tol laut* planning is suited to MP3EI, it will be conducive to creating sectoral complementarities.

Equally important is that the critics of MP3EI criticize its failure to provide a proportional arrangement for indicative values of the wide-ranging economic corridors of the Indonesian archipelago. This is evidence of the lack of a sense of archipelagic development. Nearly 75 per cent indicative values are positioned in Java, Sumatera, and Kalimantan, while the other 25 per cent are devoted to Sulawesi, Nusa Tenggara, Maluku, and Papua. In addition, there is a contrast in the amount of projected infrastructure investment for the two clusters of economic corridors. Between 2011 and 2014, from a total of IDR 1,700 trillion, the government allocated IDR 275 trillion to Java, Sumatera, and Kalimantan, while the remaining IDR 1,425 trillion was given to the other corridors (“*Refleksi MP3EI*” 2014). The figures reflect an anomaly in the planning that should be managed by the *tol laut* policymakers.

3 CONCLUSION

The government of President Joko Widodo has committed to developing Indonesia’s maritime economy through the installation of a connected sea transportation system: the *tol laut*. This idea implicates Indonesia’s future economic development policy in at least four ways. Firstly, the *tol laut* stresses the significance of balancing economic capacities amongst regions, which has not been achieved for many years through the traditional development policies. The *tol laut* is then an offer and a hope for breaking the silence of the conventionally applied continental-centric programs. Thus, it opens up a space for arguing against the established practices and theories of Indonesia’s continental-centric development policy.

Secondly, the complex challenges facing the *tol laut* can be viewed as a signal that economic development policies must cope with a more-complicated proportion of noneconomic factors. The

tol laut will not be successful unless these factors are managed properly. Social and environmental factors are becoming increasingly influential in the process of economic policy implementation. This is because Indonesian society has been intensively affected by the consequences of both national and global phenomena, such as climate change. Hence, from an academic perspective, when deliberating on economic policy, the approach needs to be interdisciplinary.

Thirdly, the planned *tol laut* reflects a desire to relate economic development to the social and cultural nature of Indonesian society: the identity of an archipelagic nation. This is visible in the launching of Jokowi’s grand policy towards the promotion of Indonesia as a global maritime axis, according to which the *tol laut* is an integral part. Clearly, Indonesia’s economic development is moving towards, and will have, a strong maritime trajectory. Such incorporation of the maritime identity in the governmental development policy is favorable. This is because the process of development is not only aimed at fostering material achievements but also encompasses ideational fulfillment, exemplified by the agenda of national character building.

Finally, the discourse on *tol laut* implies the return of an ideologically driven economic policy in Indonesia. The *tol laut* is utterly associated with the application of the concept of the three pillars of the Jokowi government: political sovereignty, economic independence, and cultural character, called *tri sakti*. *Tri sakti* represents the spirit of economic nationalism, which has been systematically marginalized in Indonesia’s economic development by virtue of the focus on liberal thinking and strategy.

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